



**Department of Justice  
U.S. Attorney's Office  
Southern District of Texas**

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**FOR IMMEDIATE RELEASE**  
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**LOCAL BUSINESSMAN PLEADS GUILTY TO CONSPIRACY  
TO DEFRAUD MEDICARE OF \$40 MILLION**

HOUSTON, TX – Harold Iyalla, also known as Prince Yellowe, 48, pleaded guilty today to one count of conspiracy to defraud Medicare, one count of health care fraud and one count of money laundering. United States Attorney Don DeGabrielle noted that Iyalla admitted he participated in a conspiracy that resulted in fraudulent billing to Medicare of \$40 million. At the time of the criminal activity, Iyalla was the owner of 1<sup>st</sup> Choice Medical Supplies and Equipment.

At a hearing held this morning before United States District Judge Vanessa Gilmore, Iyalla admitted he engaged in a 16-month conspiracy with several individuals, including three Houston area doctors, to commit health care fraud, wire fraud, mail fraud, and to illegally pay kick-backs in relation to the Medicare program. One of the doctors, Lewis Gottlieb, pleaded guilty on April 1, 2004, and is scheduled to be sentenced on June 12, 2006. The two other doctors, Frank Charles Skripka and Jayshree Patel, were charged in the same indictment with Iyalla and are currently pending trial. Skripka and Patel are presumed innocent unless and until convicted through due process of law.

During his plea, Iyalla admitted he was the owner of 1<sup>st</sup> Choice Medical Equipment and Supplies, a durable medical equipment (DME) company and Medicare provider. Iyalla admitted that he engaged in a scheme to defraud Medicare by billing Medicare for motorized wheelchairs that were either not required by the Medicare beneficiary, not delivered, or both. Iyalla said that he purchased the Certificates of Medical Necessity (CMN), which are required to bill Medicare, from various doctors, including Doctor Linda Morgan of Dallas and co-conspirator Lewis Gottlieb, for cash. Dr. Morgan was convicted of Medicare fraud and was sentenced on May 22, 2006, to a total of 10 years in prison and ordered to pay back \$7.9 million to Medicare. The Medicare beneficiaries in this case were recruited illegally by marketers. Iyalla admitted that he paid the local Houston marketers \$200-300 per beneficiary and that he paid \$200 per CMN to Gottlieb's office. Iyalla further admitted he would buy CMN packages from co-defendant David Dennis Brown for beneficiaries from Louisiana.

According to Iyalla, Brown would pay Medicare beneficiaries from Louisiana \$50 and buy them lunch to come to Houston to be seen by Gottlieb and co-defendants Frank Skripka and Jayshree Patel. Brown transported the beneficiaries by the van load from Louisiana. Brown paid Gottlieb for the CMNs and then sold the CMN package to the highest DME bidder. Iyalla admitted he paid Brown between \$900-\$1200 for the CMN package. Iyalla admitted that most,

if not all, of the beneficiaries seen by Doctors Gottlieb, Skripka, and Patel were not qualified under Medicare rules and regulations to receive motorized wheelchairs. The doctors did not examine the patients to determine their eligibility for a motorized wheelchair. Nevertheless, Gottlieb, Skripka, and Patel routinely falsified the CMNs and certified their eligibility for motorized wheelchairs. Iyalla admitted that he used the fraudulent CMNs to falsely bill Medicare for approximately \$14 million in power wheelchairs and accessories. He further admitted that Medicare paid approximately \$5.6 million to 1<sup>st</sup> Choice over the course of the conspiracy.

As part of his plea, Iyalla agreed to the forfeiture of approximately \$5.6 million, including approximately \$758,000 from his business bank account, a Houston area residence, a Hummer and a Land Rover.

The health care fraud and money laundering counts both carries a maximum penalty of 10 years of imprisonment and a \$250,000 fine. The conspiracy conviction carries a penalty of five years of imprisonment and a \$250,000 fine.

The criminal charges are the result of a joint investigation conducted by agents of the U.S. Department of Health and Human Services, Office of Inspector General (HHS/OIG) and the Federal Bureau of Investigation (FBI), into what has become known as the "motorized wheelchair fraud scheme." This case is being prosecuted by Assistant United States Attorney Al Balboni.

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